

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

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FOLL SENT ACTION SECSTATE INFO ABIDJAN ACCRA BONN BRUSSELS
COPENHAGEN DAKAR DAR ES SALAAM DUBLIN THE HAGUE KAMPALA KINGSTON
KINSHASA LAGOS LONDON LUSAKA LUXEMBOURG NAIROBI PARIS ROME
YAOUNDE GENEVA OECD PARIS FROM EC BRUSSELS 08 MAR 73 REPEATED
TO YOU QUOTE

LIMITED OFFICIAL USE EC BRUSSELS 1239

E. O. 11652: N/ A

TAGS: ETRD, XA, EEC

SUBJ: MARCH 21-22 US/ EC CONSULTATIONS: YAOUNDE III - COMMISSION
PREPARATIONS FOR ITS INITIAL REPORT TO THE EC COUNCIL.

REF: EC BRUSSELS 1182

1. SUMMARY. EC COMMISSION STAFF WORK IS GETTING
UNDERWAY ON THE FORTHCOMING RENEGOTIATION OF THE YAOUNDE
CONVENTION. THE PRESENT TARGET IS FOR THE
COMMISSION TO APPROVE AN INITIAL REPORT BY APRIL 3-4.
SUBMISSION TO THE COUNCIL WOULD FOLLOW SHORTLY THERE-
AFTER. COUNCIL DEBATE COULD BEGIN AT ITS MAY 14-15
MEETING. THIS MESSAGE PROVIDES BACKGROUND FOR THE
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LDC AGENDA ITEM AT THE MARCH 21-22 SOAMES/ CASEY CONSULTATIONS.

2. THE COMMISSION STAFF IS PROCEEDING ON THE ASSUMPTION THAT THE NEW YAOUNDE ARRANGEMENT WILL FOLLOW THE PRESENT "FREE TRADE AREA" FORMAT. OUR SOURCES EXPECT THE COMMISSION TO RECOMMEND THE INCLUSION OF A "CLEAR" STATEMENT IN THE NEW CONVENTION THAT ASSOCIATED COUNTRIES ARE FREE TO GIVE TO THIRD COUNTRIES THE SAME CONCESSIONS GRANTED TO THE COMMUNITY. THE COMMISSION IS ALSO CONSIDERING INCLUDING IN THE NEW CONVENTION SPECIAL COMMODITY ARRANGEMENTS ON TROPICAL PRODUCTS WHEREBY THE COMMUNITY WOULD, UNDER CERTAIN CONDITIONS, MAKE UP REVENUE SHORTFALLS IN THE ASSOCIATED STATES THROUGH A SYSTEM OF DEFICIENCY PAYMENTS. IN EXCHANGE FOR THIS GUARANTEE OF RVENUE STABILITY THE COMMUNITY WOULD ASK THE ASSOCIATES TO ACCEPT A LOWERING TO ZERO OF EC DUTIES ON THE SAME TROPICAL PRODUCTS. THE COMMISSION WILL ALSO RECOMMEND THAT PRESENT ASSOCIATES RECEIVE A GUARANTEE THAT DEVELOPMENT LEVELS UNDER THE NEW CONVENTION WILL IN NO CASE FALL BELOW THE LEVEL PROVIDED UNDER THE PRESENT FED. SOME EARMARKING OF FUNDS FOR COUNTRIES AND REGIONS MAY ALSO BE INCLUDED. END SUMMARY.

3. THIS WEEK THE EC COMMISSION IS BEGINNING INTERNAL DISCUSSIONS OF ITS INITIAL REPORT TO THE COUNCIL ON THE FORTHCOMING RENEGOTIATION OF THE YAOUNDE CONVENTION. A SENIOR OFFICIAL OF THE COMMUNITY'S EUROPEAN DEVELOPMENT FUND (FED) HAS OUTLINED TO US ON A CONFIDENTIAL BASIS SOME OF THE COMMISSION' S THINKING WITH REGARD TO THESE NEGOTIATIONS AS IT BEGINS ITS PREPARATION.

4. OUR SOURCE BEGAN BY NOTING THAT THE YAOUNDE CONVENTION HAD BECOME A " DIRTY" WORD TO MANY OF THE COMMONWEALTH ASSOCIABLES. THIS WAS EVIDENT AT THE ECA MEETING IN ACCRA. THERE IS, HE SAID, A FALSE IMPRESSION THAT THE CURRENT CONVENTION REPRESENTS A " DICTAT" BY THE MEMBER STATES TO THE ASSOCIATES. HE REGRETTED THIS DISTORTED VIEW AND WAS PRIVATELY CRITICAL OF THE COMMONWEALTH SECRETARIAT FOR NOT HAVING HELPED TO DISPEL THE MISUNDERSTANDING.

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5. OUR SOURCE REPEATED THE COMMISSION' S STANDARD LITANY ON THE NEED FOR SO- CALLED FREE TRADE AREAS TO COVER THE COMMUNITY' S RELATIONSHIP WITH ASSOCIATED COUNTRIES. HE SAID THAT THE COMMISSION WOULD, HOWEVER, RECOMMEND THAT THE NEW CONVENTION INCLUDE, WHAT HE CALLED A " CLEAR" STATEMENT THAT THE ASSOCIATES WERE FREE TO DO WHAT THEY WISH IN TARIFF POLICY MATTERS VIS- A- VIS THIRD COUNTRIES. HE SAID THAT SUCH A STATEMENT HAD BEEN

INCLUDED IN THE PRESENT YAOUNDE CONVENTION BUT NEEDED CLARIFICATION. (COMMENT: WE HAVE BEEN TELLING COMMUNITY OFFICIALS INFORMALLY THAT THIS LINE IS NOT SUFFICIENT TO MEET US OBJECTIONS TO REVERSE PREFERENCES FOR LDCS WHETHER IN THE YAOUNDE OR MEDITERRANEAN CONTEXTS.)

6. THE COMMISSION IS ANXIOUS TO IMPROVE THE ATTRACTIVENESS OF THE YAOUNDE TYPE ARRANGEMENT IN THE EYES OF THE COMMONWEALTH ASSOCIABLES AND TO MAKE IT MORE PALATABLE TO OTHER LDCS NOT ELIGIBLE FOR ASSOCIATION. AS ONE MEANS OF ACCOMPLISHING THIS THE COMMISSION MAY PROPOSE TO THE MEMBER STATES THAT THE COMMUNITY ESTABLISH SPECIAL TROPICAL PRODUCT COMMODITY ARRANGEMENTS WITH ELIGIBLE COUNTRIES WHICH CHOSE TO ASSOCIATE WITH THE EC. SUCH ARRANGEMENTS WOULD INCLUDE NO BUFFER STOCKS AND WOULD BE KEPT AS SIMPLE AS POSSIBLE. THE EC OBJECTIVE WOULD BE TO OFFER THE ASSOCIATED COUNTRIES REVENUE STABILITY BASED ON QUANTITY AND QUALITY CRITERIA RELATED TO THE PRODUCTS COVERED BY THESE SPECIAL ARRANGEMENTS. IN YEARS WHEN REVENUE STABILITY IS THREATENED, THE COMMUNITY WOULD, THROUGH A SYSTEM OF DEFICIENCY PAYMENTS, MAKE UP REVENUE SHORTFALLS INCURRED BY INDIVIDUAL ASSOCIATES. IF SUCH A SYSTEM WERE NEGOTIATED WITH THE ASSOCIATED COUNTRIES THE EC WOULD IN TURN DEMAND THAT THESE COUNTRIES ACCEPT THE LOWERING OF EC IMPORTS DUTIES TO ZERO ON THE SAME TROPICAL PRODUCTS EXPORTED TO THE COMMUNITY FROM OTHER LDCS.

7. THE COMMISSION IS UNABLE TO ESTIMATE THE LEVEL OF AID TO BE PROVIDED BY THE EUROPEAN DEVELOPMENT FUND UNDER THE NEW CONVENTION. THIS WILL BE DETERMINED ONLY AFTER THE LIMITED OFFICIAL USE

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INDIVIDUAL ASSOCIABLE COUNTRIES HAD EXERCISED ONE OF THE OPTIONS OPEN TO THEM AS THE RESULT OF THE EC ENLARGEMENT NEGOTIATIONS. THE COMMISSION, HOWEVER, WILL PROBABLY RECOMMEND TO THE MEMBER STATES THAT PRESENT ASSOCIATES BE GIVEN AT LEAST A MINIMUM GUARANTEE ON AID UNDER YAOUNDE III EQUAL TO THE AID WHICH IS PROVIDED UNDER THE PRESENT DEVELOPMENT FUND, ADJUSTED BY AN APPROPRIATE INFLATIONARY FACTOR. ON THIS SAME POINT, ANOTHER FED SOURCE HAS SUGGESTED THAT THE FED MAY MOVE AWAY FROM ITS PRESENT PRACTICE OF NOT EARMARKING, EX ANTE, SPECIFIC AMOUNTS FROM THE FUND FOR INDIVIDUAL ASSOCIATED COUNTRIES. THIS SOURCE SAID THAT SOME CONSIDERATION WAS BEING GIVEN TO DIVIDING FUNDS AVAILABLE IN THE FUTURE INTO THREE PARTS. A CERTAIN PERCENTAGE OF SUCH FUNDS WOULD BE EARMARKED FOR EACH ASSOCIATE. THIS WOULD GIVE THE ASSOCIATES A CLEARER IDEA OF WHAT THEY COULD EXPECT IN THE ENSUING FIVE YEAR PERIOD. IN ADDITION A CERTAIN PERCENTAGE OF THE

FUNDS WOULD BE SET ASIDE FOR REGIONAL PROJECTS TO ENCOURAGE INTEGRATION. THE REMAINDER WOULD BE AVAILABLE FOR EMERGENCY AND/ OR PARTICULARLY INTERESTING PROJECTS THAT MIGHT BE DEVELOPED BY INDIVIDUAL ASSOCIATED COUNTRIES DURING THE 1975-79 PERIOD.

8. THERE IS SOME INDICATION THAT THE COMMISSION MY ALSO PROPOSE A RESTRUCTURING OF PRESENT CONVENTION INSTITUTIONS. THE COMMISSION HOPES THAT THESE UNSPECIFIED CHANGES MAY HELP TO DISPEL THE ACCUSATIONS OF NEO-COLONIALISM WHICH SOME OF THE ASSOCIABLES HAVE RAISED.

9. OUR SOURCE SAID THAT IT WAS HIS PERSONAL FEEING THAT THE ARUSHA- TYPE ARRANGEMENT WAS PROBABLY DEAD FOR THE FURTURE AND THAT EVERY EFFORT WOULD BE MADE BY THE COMMUNITY TO HAVE A SINGLE ARRANGEMENT WITH ALL AFRICAN COUNTRIES WHO WISH TO HAVE A RELATIONSHIP WITH THE COMMUNITY MORE COMPREHENSIVE THAN THE COMMERCIAL ARRANGEMENT WHICH HAS ALSO BEEN OFFERED AS AN OPTION TO THE ASSOCIATES. HE SAID THAT TRYING TO RUN TWO PARALLEL ARRANGEMENTS IN AFRICA (ARUSHA AND YAOUNDE) HAD BEEN A MISTAKE.

10. AS FOR THE NEGOTIATING SCENARIO, WE WERE TOLD THAT MOST OF THE COMMONWEALTH ASSOCIABLES WOULD PARTICIPATE WITH THE PRESENT ASSOCIATES IN THE EARLY PHASES OF LIMITED OFFICIAL USE

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THE YAOUNDE CONVENTION RENEGOTIATION. AT SOME POINT OUR SOURCE THOUGHT THAT THE CARIBBEAN AND PACIFIC ASSOCIABLES MIGHT CHOOSE TO NEGOTIATE SEPARATELY ON THE GROUNDS THAT THEIR PROBLEMS AND SITUATION IS DIFFERENT FROM THE AFRICANS AND REQUIRES SPECIAL AND DIFFERENT HANDLING.

11. THE DEPARTMENT MAY WISH TO REPEAT THIS MESSAGE TO OTHER APPROPRIATE AFRICAN ASSOCIATED AND COMMONWEALTH ASSOCIABLE COUNTRIES.
GREENWALD UNQUTE ROGERS

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